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THE WHEAT LOAN PROGRAM

A conversation between N. E. Dodd, director of the Western Region, AAA; and Wallace L. Kadderly, Radio Service in the Department of Agriculture's portion of the National Farm and Home Hour, December 20, 1939, over the NBC Blue Network.

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KADDERLY:

Now let's talk about wheat.

In this country every year we eat billions of loaves of bread. The bakeries turn out around 12 billion pound-loaves. We bake a lot at home. We use 10 million bushels of wheat as breakfast food. We use a lot of wheat in the form of biscuits, crackers, rolls, cake, and cookies. In 1938 we used on our tables around 485 million bushels of wheat.

Now, everybody knows this wheat comes from farms. And on the wheat farms of the nation, something is happening that concerns all of us. This is the federal wheat loan program. We're going to hear about the wheat loans from N. E. Dodd, the Director of the Western Division of the Agricultural Adjustment Administration.

Ed, I hear tell that a great many wheat farmers have taken out loans and have stored up a lot of wheat.

DODD:

You've heard right, Wallace. Up to November 30th, more than 228 thousand farmers had taken out loans. And as security for the loans, they had stored up to 162 million bushels of wheat. In addition to this, there was almost twice that much not under loan but still on the farms.

KADDERLY:

Those are large figures, Ed...could you say the same thing without figures?

DODD:

The figures mean that United States wheat farmers now have an opportunity to hold on to wheat which is not needed for immediate use. This wheat is available for use when it is needed. You could call this stored wheat our emergency fund. Under the wheat program, farmers aim to grow all this country can use, all we can export, and keep a reserve for emergency use.

KADDERLY:

Then, the storage of wheat under loan is a part of the whole, broad program of the Ever-Normal Granary. Well, Ed, in view of the present drought in important wheat areas, it's good to know we've got this wheat.

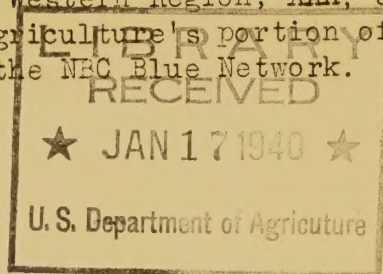
DODD:

Yes...But of course there's plenty of wheat on hand, both in this country and in the world at large. Even if drought cuts out crop, I don't see any prospect of unfairly high prices to consumers. Nobody's going to get gouged.

KADDERLY:

On the other hand, isn't it true that the United States wheat farmer is getting better prices than wheat farmers in other parts of the world?

(over)



DODD:

It certainly is true, Wallace. The American wheat farmer got a boost just as soon as the loan program went into operation. The loan and other features of the Ever-Normal Granary program protect our farmers and consumers whether we have war or peace...whether we have drought or bumper crops.

KADDERLY:

Ed, I wonder if you can give us some definite example of how the program has helped.

DODD:

Well, I'll tell you...this year the world has the largest wheat supply in history, and indications are that the world carryover next July will be greater than it was last July. As a result, the world price of wheat has been badly depressed. At one time last August, the price of wheat at Liverpool fell to the lowest level in 350 years. Usually--when we're in position to export a lot of wheat--our wheat brings, on the farm, about 25 to 30 cents per bushel less than at Liverpool. In August that would have meant we could get maybe 25 cents a bushel or less. However, we didn't have to take that. The wheat loan value averaged 64 cents to the farmer.

KADDERLY:

Sixty-four cents a bushel.

DODD:

Sixty-four cents, compared with the 25 cents we could have gotten without the loan. Now, at 64 cents our wheat still won't buy the same amount of groceries and machinery as it would before the World War, but it's a whole lot better than two bits.

KADDERLY:

I know you feel very strongly that improved returns for American wheat farmers help not only farmers but all of us who eat bread and breakfast food--help the whole country. Tell us why you feel that way, will you?

DODD:

Yes sir! As a wheat farmer myself, I know the United States wheat farmer can't stay in business on 25 cent wheat. Twenty-five cent wheat would change farmer into peons. Without income, we can't buy. But when we have the money, wheat farmers buy large amounts of manufactured goods. Wheat farmers are one of the largest purchasing groups in the country. Not only that...when wheat goes down very low, the low price is never passed on fully to the consumer. On the other hand, when we have small supplies, prices the consumer pay always go up faster and higher than wheat prices. So, any way you look at it, the people of this country get a break when the wheat farmer gets a break. Decent returns for the farmers and good, stable supplies of food pay big dividends to the American public.

KADDERLY:

Ed, can you tell us just exactly how much better off the wheat farmer is today than he would be if he had had to sell his wheat at harvest time?

DODD:

Pretty exactly, Wallace. In the major wheat States, a farmer can get 50 cents a bushel more now than he could have gotten if he had had to ship it to Liver-

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pool in August. I don't need to tell you what that means to the farmer and to the people of the community. Just as a sidelight, let me report that the local bankers are cooperating just about 100 percent. The farmer only pays 3 percent interest on his wheat loan and the bankers who handle the loan paper only get 2 percent. But thousands of bankers have been more than glad to handle the loans. This has helped the farmer get his loan money promptly. The farmer who had wheat in good condition, as proved by inspection, could simply go to the County Triple-A office, get his paper certified, walk over to the bank, and get his money. Of course, the loans are made only on wheat in good condition, and only to farmers cooperating in the Triple-A program. The cooperating farmers are the ones who make the loan program possible. But the loans have helped ALL wheat growers get better prices.

KADDERLY:

Ed, going into the price situation just one step further, how do you compare United States prices with world prices right now?

DODD:

They're hard to compare right now, Wallace. You might say there isn't any world price now. The European war has forced wheat importing countries to conserve their foreign exchange, to depend more entirely on their dominions and colonies for supplies; the war has changed things a lot. But there are some price comparisons that we can use. In Argentina the other day farmers were getting around 40 cents. In Australia, farmers are getting around 38 cents. The United States wheat farmer-- the farmer in Kansas, for example-- can get 73 cents. In addition, he gets his 1939 conservation and parity payments which bring him 28 cents more. This is still below the parity price of \$1.13, but American farmers are better customers for factory products than wheat farmers of any other country.

KADDERLY:

Ed, you're so full of information about the American wheat loan program, I guess we could go on talking all day. But I'm just going to ask you one more thing.. what's the last date when farmers can take out federal loans on their 1939 crop?

DODD:

The last date is December 31...no new applications after the last day of 1939.

KADDERLY:

Farm and Home friends, this report on the wheat loan program, what it means to wheat farmers, and what it means to consumers of bread and breakfast food was brought to you by N. E. Dodd, Director of the Western Division of the Agricultural Adjustment Administration.

The first part of the report is devoted to a description of the work done during the year. It is divided into two main sections, the first of which deals with the work done in the laboratory and the second with the work done in the field. The laboratory work was carried out under the supervision of the Director and consisted of a number of experiments on the properties of the new material. The field work was carried out by a number of assistants and consisted of a number of observations on the behavior of the material in the field.

The second part of the report is devoted to a discussion of the results of the work. It is divided into two main sections, the first of which deals with the results of the laboratory work and the second with the results of the field work. The laboratory results show that the new material has a number of properties which are very different from those of the materials which it is compared with. The field results show that the new material behaves in a very different way from the materials which it is compared with.

The third part of the report is devoted to a discussion of the conclusions which can be drawn from the results of the work. It is divided into two main sections, the first of which deals with the conclusions which can be drawn from the laboratory work and the second with the conclusions which can be drawn from the field work. The laboratory conclusions are that the new material has a number of properties which are very different from those of the materials which it is compared with. The field conclusions are that the new material behaves in a very different way from the materials which it is compared with.

The fourth part of the report is devoted to a discussion of the suggestions which can be made for further work. It is divided into two main sections, the first of which deals with the suggestions which can be made for further laboratory work and the second with the suggestions which can be made for further field work. The laboratory suggestions are that further work should be done on the properties of the new material. The field suggestions are that further work should be done on the behavior of the material in the field.

The fifth part of the report is devoted to a discussion of the references which have been consulted. It is divided into two main sections, the first of which deals with the references which have been consulted in the laboratory work and the second with the references which have been consulted in the field work. The laboratory references are that a number of papers have been consulted on the properties of the new material. The field references are that a number of papers have been consulted on the behavior of the material in the field.

The sixth part of the report is devoted to a discussion of the acknowledgments which can be made. It is divided into two main sections, the first of which deals with the acknowledgments which can be made for the laboratory work and the second with the acknowledgments which can be made for the field work. The laboratory acknowledgments are that a number of people have helped in the laboratory work. The field acknowledgments are that a number of people have helped in the field work.